POLESTAR
INSURANCE COMPANY

Annual Report 2023

What we strive for:

Remaining loyal to our commitment to become the company by providing our customers and partners with Attentive, Agile & Accurate services closely followed by tangible benefits.

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CORPORATE INFORMATION

Registration Number	:	BH 10508221
Tax Identification Number	:	S-027
Date of Incorporation	:	22nd August 2016
Commencement of Operation	:	2016
Paid-up Capital	:	KPW 3,000,000,000
Type of Business	:	Insurance and Reinsurance
Registered Office	:	Kallimgil Dong No.2, Mangyongdae District, Pyongyang, DPRK
Corporate Head Office	:	Kallimgil Dong No.2, Mangyongdae District, Pyongyang, DPRK Tel: 850-2-18111 Ext. 3818623 Email: polestar.ins@silibank.net.kp Website: www.naenara.com.kp/sites/polestar
Number of Branches	:	15
Number of Employees	:	182
Financial Year end	:	31st December
Auditors	:	Pyongyang Office of Auditors

CORPORATE PROFILE

The Company will continue its activities to contribute to the development and sustainable growth of the national insurance industry and to meet requirement for insurance protection for its clients.

Polestar Insurance Company is an underwriting firm to provide non-life insurance and reinsurance, and conducts investment business permitted under the relevant laws and regulations of DPRK. The Company pursues its vision to be a leading underwriter in the local market by providing financial compensation to the clients.

Headquartered in Pyongyang, DPRK, the Company has been principally engaged in covering variety of risks related to property and travel insurance as well as specialty lines (engineering, agriculture, credit and professional indemnity insurance) since it was founded in 2016.

The Company conducts insurance business in close cooperation with individuals and corporations primarily through regional branches across the country. Important distribution channel is also supplemented by broker and agents dispersed throughout the length and breadth of the country.

Improved performance and growth of the Company over the years have been driven by protracted and unremitting efforts of well qualified, experienced and dedicated personnel, innovative approach to insurance products and solid and efficient service procedures to all clients.

In 2023, the Company expanded gross written premium by 5.6% year-on-year to KPW 4.14 billion and achieved a very pleasing net profit for the period with an increase by 146% to reach KPW 1.84 billion.

The Company will continue to contribute to the development and sustainable growth in the national insurance industry and to meet the need for insurance protection for its clients.

CORPORATE CULTURE

OUR VISION

To be the leading underwriter recognized for its professionalism, integrity and innovation, making the local market as its home ground with credible and quality service.

OUR MISSION

To provide a package of insurance services at the level of international standards to protect interests of our clients.

VALUES

Professionalism –Priority to qualification
Obligation – Delivering our promises
Loyalty – Everything for clients
Efficiency – Choice of reasonable proposal
Specialization – Pursuing greater heights
Transparency – Brilliance is our name
Accountability – Honoring our responsibility
Reliability – Maintenance of clients' trust.

BUSINESS ATTITUDE

Aspiration for greater successes
Technological innovation
Fresh idea and approach

BUSINESS PHILOSOPHY

Prudence – We aim to enhance corporate value and increase confidence through practicing solid and sound management.

Innovation – We aim to be a company that is innovative and full of creativity and dynamism by developing personal characteristics and talent of individual personnel.

Openness – We aim to be company that listens to what individual client says, swiftly responds to changes of the times and continues to create new value in order to achieve continued growth.

Mutual benefit – We aim to be a company that grounds its operations with the spirit of "Client oriented service" and contributes to the national economy development, people's living standards and social stability as a service company that provides security and offer protection against risk.

BUSINESS FOCUS

Underwriting, Clients, Risk Management, Talent Management, Financial Management

MILESTONES

Over the years, the Company has made a steady progress in the midst of adverse external conditions through the efforts of the experienced management staff.
The Company has pursued its operations as befits its key role in the national insurance industry.
Maintaining its prominent position with business experience, solid financial structure, and successful operational performance, the Company will go on with strong insurance and reinsurance capacity to domestic and international markets.

2016

2017

In July, the Company signed an agreement of property reinsurance with foreign insurance companies.

The amount of gross written premium recorded KPW 1.8 billion, an increase by nearly 8 times year-on-year.

2019

The Company began to write reinsurance inward business from international markets.

A branch opened in the city of Rason.

2021

A branch opened in the city of Kaesong.

2023

The gross written premiums exceeded KPW 4 billion for the first time, reaching KPW 4.14 million. The assets reached KPW 12.35 billion while equity amounted to KPW 10.89 billion. Second dividend is allocated and distributed to owners.

2016

On 22nd August, the Company was founded with a capital of KPW 3 billon, organization fund of KPW 2 billion and contingency reserve of KPW 2 billion to operate insurance services.

Branches were opened in the cities of Pyongyang, Pyongsong, Sinuiju, Haeju, Sariwon, Kanggye, Wonsan, Hamhung, Chongjin, Hyesan, Nampho.

2018

In April, the Company is a member of the Federation of Afro-Asian Insurers & Reinsurers (FAIR).

Aiming to increase diversity in its service portfolio, the Company obtained a certificate of authorization for the travel insurance.

In November, Ministry of Finance assigned the Company a financial strength and credit rating of STABLE OUTLOOK.

2020

The Company realized a gross written premium production in excess of KPW 3 billion.

2022

The Company obtained a certificate of authorization for Professional Indemnity insurance.

First dividend is allocated and distributed to owners.

Two branches opened in the cities of Tanchon and Kaechon.

2023

STATEMENT FROM CEO

Since insurance industry channels back the resources it generates from premium income to the economy through claim payments, the Company is also greatly conducive to the betterment of the people's livelihood as well as to the development of national economy by providing financial compensation to the clients.

INTRODUCTION

On behalf of the management of Polestar Insurance Company, I am delighted to present to you 2023 Annual Report and Financial Statements for the financial year ended 31st December 2023 and to review the performance of our Company during the financial year.

I would like to express our sincere thanks to all our customers, business allies and partners for unwavering commitment, loyalty, continued support and patience which have distributed immensely to the continued success of our Company.

NATIONAL ECOMOMY DEVELOPMENT IN 2023

2023 can be characterized by remarkable successes when the whole sectors energetically rose up with animation and that national economy enjoyed an obviously stable and sustaining growth trend.

Under the Five-Year Plan for the National Economic Development in 2021-2025, the growth of several sectors of the national economy was largely witnessed in 2023 and the GDP grew up 1.4 times, compared with the total growth of the economic sector in 2020.

Attributable to these performances were grain production, housing construction and key industrial sectors, central pivot of national economy such as metal, chemistry, electric power and coal. The entire national economy entered a period of great prosperity track for its stable development, which exerted a positive influence on development of the insurance industry.

OPERATIONAL PERFORMANCE

2023 has become for the Company the period of successful development, expanding market share in the insurance industry as well as of building up the financial stability and reliability. The records of performance in 2023 showed that the Company has successfully retained its position as one of the players in the national insurance market.

Since the insurance industry channels back the resources it generates from premium income to the economy through claim payments, the Company plays a certain role in the betterment of the people's livelihood as well as the development of the national economy by providing financial compensation to the clients.

During the past year, the Company's efforts were aimed at the expansion of the range and quality enhancement of the rendered insurance services. The Company continued to carry out improvement of services and development of insurance products to the customers in which it enabled the Company to achieve a 105.6% increase in gross written premiums from KPW 3.92 billion in 2022 to KPW 4.14 billion, in 2023.

The Company incurred net acquisition costs of KPW 385.7 million, increased of KPW 230.7 million due to increase of risk survey fee and agency commission. Operating expenses of KPW 136.4 million, increased by KPW 53.2 million.

Our underwriting profit grew by 147% from KPW 1.04 billion to KPW 2.56 billion. Profit before payment to state increased to KPW 2.46 billion, while profit after payment to state climbed by 146%, from KPW 749 million to KPW 1.84 billion. The total assets grew from KPW 10.73 billion to KPW 12.35 billion, an increase by 15.1%, while the owners' assets increased by 18.4%, from KPW 9.2 billion in 2022 to KPW 10.89 billion in 2023.

The major efforts to bring about an improvement in the quality of the portfolio and the consistent implementation of an active risk management have been made for 2023 when an exceptionally lowest level of claims incident recorded. The very positive claims experience was the main contributor to this pleasing result. The strength and depth of our underwriting talent and the commitment of our supporting teams, coupled with the strong contribution of contingency reserve from prior years have been the major factors in achieving a solid financial result in 2023.

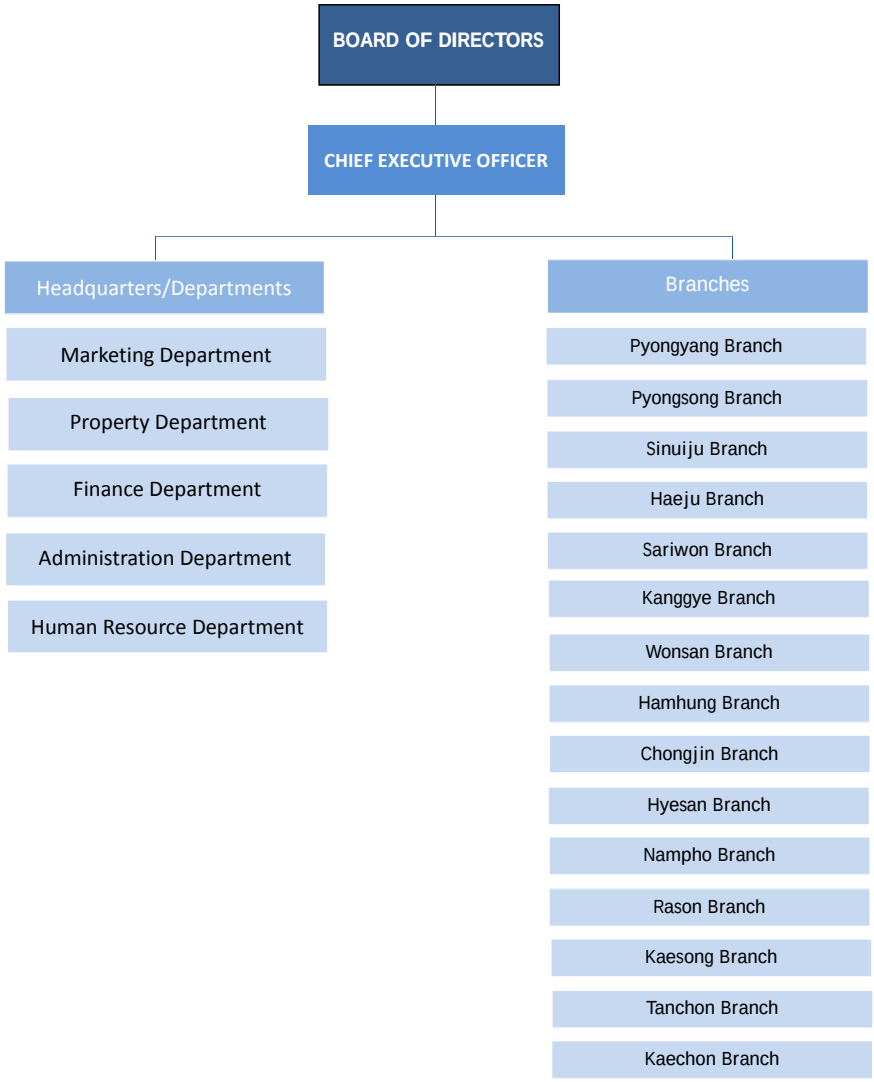
FUTURE OUTLOOK

2024 is a crucial year for all sectors of national economy to put steady spurs to the growth of production and concentrate their efforts to finish the work for readjustment and reinforcement as well as the first year of Party's regional development policy aimed at radical improvement of regional and rural living environment. In 2024, the Company will seek opportunities to expand insurance operations arising from the implementation of regional development policy, construction of dwelling houses, public and industrial establishments on a nationwide scale, and to enhance the customer-oriented service and level of risk prevention for steady and sustainability development.

CONCLUSION

I would like to take this opportunity to express our gratitude to all staff for always dedicating such talents and efforts to fulfillment of corporate policies in achieving steady growth and success for the Company.

ORGANIZATION CHART



FINANCIAL INFORMATION AND INDICATORS

The Company ended 2023 with successful financial results and posted a net profit of KPW 1.84 billion, up by 146% year-on-year.

KPW **12.35** billion
Total Assets

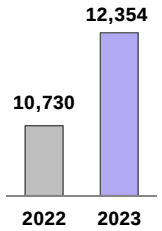
KPW **10.89** billion
Owners' Equity

KPW **1.14** billion
Claims Paid

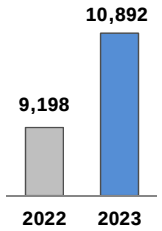
KPW **1.84** billion
Net Profit

Financial Highlights (KPW million)	2023	2022
Gross Written Premium	4,144	3,923
Total Assets	12,354	10,730
Paid-up Capital	3,000	3,000
Equity	10,892	9,198
Paid Loss	1,141	2,207
Profit/Loss before payment to state	2,458	999
Net Profit/Loss	1,844	749
Capital Adequacy Ratios		
Gross Written Premiums/Equity	38.0%	42.7%
Equity/Total Assets	88.2%	85.7%
Asset Quality and Liquidity Ratios		
Current Ratio(Liquid Assets/Total Assets)	95.8%	95.9%
Premium and Reinsurance Receivables/Total Assets	0.69%	0.83%
Profitability Ratios		
Paid Loss/Gross Written Premium Ratio	27.5%	56.3%
Net Profit/Total Assets	14.9%	7.0%
Net Profit/Equity	16.9%	8.2%
Pretax Profit/Premiums Received	59.3%	25.5%

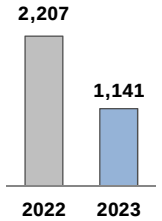
Total Assets
(KPW million)
Increase by **15.1%**



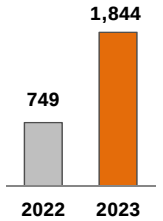
Owner's Equity
(KPW million)
Increase by **18.4%**



Claim Paid
(KPW million)
Decrease by **48.3%**

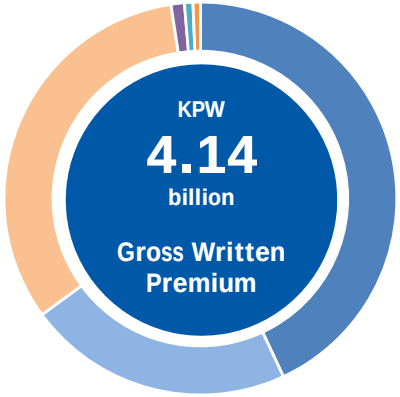


Net Profit
(KPW million)
Increase by **146%**



The Company's gross written premium increased by 5.6% in 2023.

Fire Insurance dominates the classes with premiums reaching KPW 1.79 billion.
This business is followed by the agriculture and engineering insurance with a respective turnover of KPW 1.36 billion and KPW 905 million.
Trailing these two classes, in order, are travel insurance with KPW 45 million, credit insurance with KPW 29 million and professional indemnity insurance with KPW 23 million.

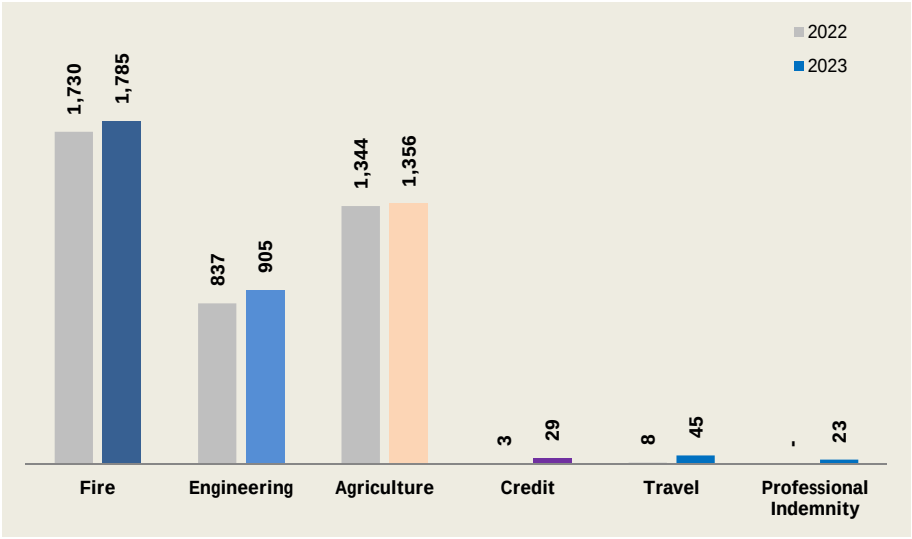


Premium Portfolio

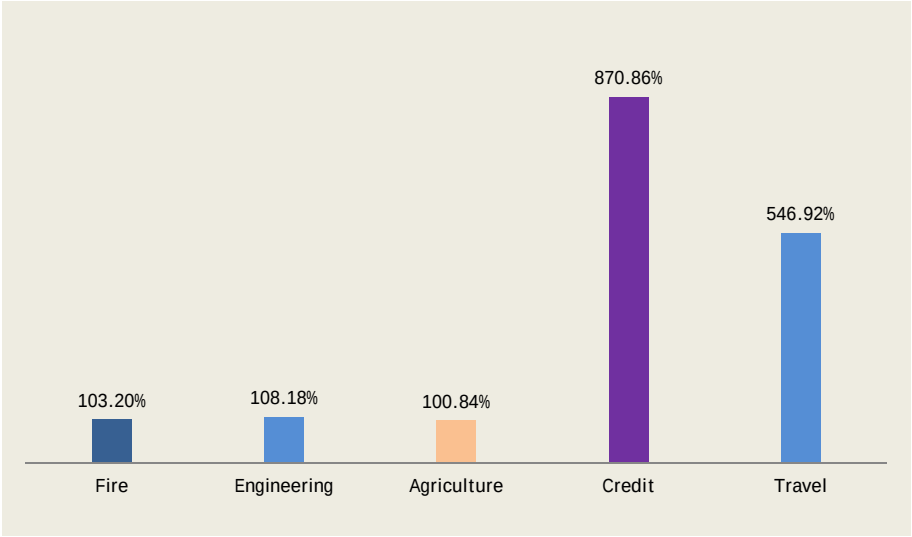
Gross Written Premium

Gross Written Premium (KPW million)	2023	2022
Fire	1,785	1,730
Engineering	905	837
Agriculture	1,356	1,344
Credit	29	3
Travel	45	8
Professional Indemnity	23	-
Total	**4,144**	**3,923**

Premium Growth (KPW Million)



Premium Growth Rate by Class (%)



PERFORMANCE REVIEW

The prudent management of assets and efficient processing of claims form the core of our business activities.

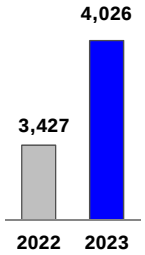
The Company is an insurer active in non-life type of insurances, which include fire, engineering, agriculture, travel, credit and professional indemnity insurance.

PREMIUM INCOME AND RESULTS

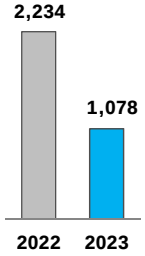
For 2023, the Company generated the gross written premium of KPW 4.14 billion which is 5.6% more than in 2022, while net premiums earned were KPW 4.026 billion, representing an increase by 17.5% year-on-year.

Total paid losses decreased by 48.3% to KPW 1.14 billion year-on-year, while net claims incurred were KPW 1.078 billion, representing a decrease by 51.8% year-on-year. Loss ratio was 26.8% in 2023.

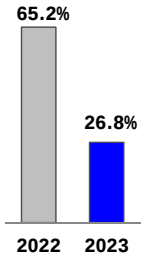
Net Premiums Earned (KPW Million)



Net Claims Incurred (KPW Million)



Loss Ratio (%)



PERFORMANCE REVIEW

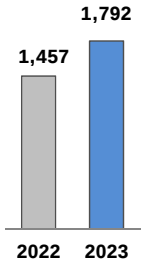
FIRE

Fire insurance continues to account for the largest part of the overall insurance portfolio in term of turnover.

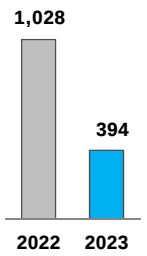
The Company registered Fire Insurance premium of KPW 1.79 billion, representing an increase of KPW 55 million or 3.2% from 2022. Fire Premium generated 43.1 % of the Company's total insurance premium. Fire Insurance net earned premium was KPW 1.792 billion, an increase of KPW 335 million or 23% from 2022.

In 2023, due to a decrease to some extent in both frequencies of natural catastrophes and number of major claim cases compared to last year, paid losses were KPW 468 million, representing a decrease of KPW 523 million (or -52.7%) year-on-year, while net claims incurred were KPW 394 million, representing a decrease by 61.7% year-on-year. The loss ratio decreased by 48.5% from 70.5% in 2022 to 22% in 2023.

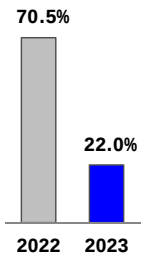
Net Premiums Earned (KPW Million)



Net Claims Incurred (KPW Million)



Loss Ratio (%)

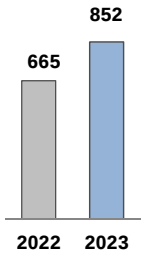


PERFORMANCE REVIEW

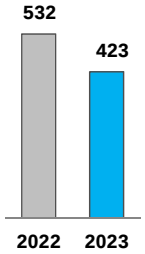
ENGINEERING

The Company posted engineering insurance premium of KPW 905 million, representing an increase of KPW 68 million or 8.2% from 2022, driven by continued growth in construction sector including capital housing and rural housing construction. Engineering insurance premium accounted for 21.9% of Company's total premium.
Engineering insurance net earned premium were KPW 852 million, a growth of KPW 186 million or 28% from 2022.
Paid losses were KPW 408 million, representing a decrease of KPW 128 million from KPW 536 million in 2022, while net claims incurred were KPW 423 million, representing a decrease by 20.5% year-on-year
Loss ratio on earned premium was at 49.7%.

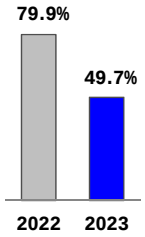
Net Premiums Earned (KPW Million)



Net Claims Incurred (KPW Million)



Loss Ratio (%)

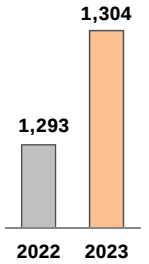


PERFORMANCE REVIEW

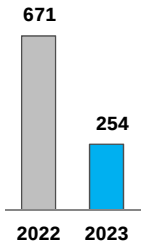
AGRICULTURE

The Company achieved agriculture insurance premium of KPW 1.356 billion, an increase of KPW 11 million or 0.8% from 2022. Agriculture insurance premium accounted for 32.7% of total premium. Net earned premium was KPW 1.304 billion, an increase by 0.9% year-on-year.
Paid losses were KPW 258 million, representing a decrease of KPW 418 million from KPW 676 million in 2022, while net claims incurred were KPW 254 million, representing a decrease of KPW 417 million year-on-year.
The loss ratio decreased by 32.4% from 51.9% in 2022 to 19.5% in 2023. This was chiefly due to the fact that there was low level of insurance incidents affected by nationwide large-scale natural disasters in 2023. On the other hand, the Company continuously strengthened its management and control of underwriting and claims verification, thus improving the underwriting quality.

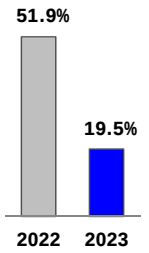
Net Premiums Earned (KPW Million)



Net Claims Incurred (KPW Million)



Loss Ratio (%)



PERFORMANCE REVIEW

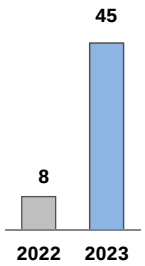
TRAVEL

The Company registered net earned premium of KPW 45 million, representing an increase of KPW 37 million or 446.9% from 2022, mainly owing to the striking expansion of the clients to be insured in keeping with diversification of tourism by the travel operators on newly tourism facilities. Travel insurance premium accounted for a relatively modest share of 1.1% of Company's total premium portfolio.

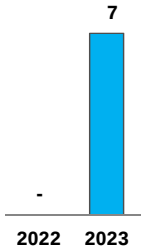
Net benefits in travel insurance amounted to KPW 7 million.

Loss ratio was at 14.8%.

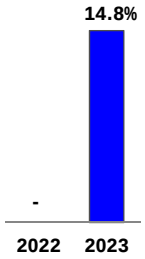
Net Premiums Earned (KPW Million)



Net Claims Incurred (KPW Million)



Loss Ratio (%)



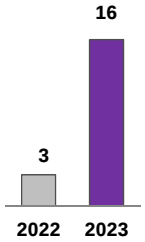
PERFORMANCE REVIEW

CREDIT

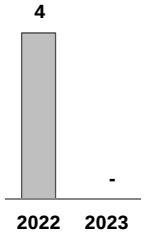
The Company posted premium income of KPW 29 million, representing an increase by KPW 25 million or 770.9% from 2022, while net earned premium was KPW 16 million, an increase of KPW 12 million year-on-year, primarily attributable to the volume of transport in the domestic cargo market as well as import and export cargoes boosted as compared to the previous year which resulted in high increase for credit insurance in number of policies and written premiums accordingly. Credit insurance premium accounted for mere 0.7% of total premium.

Fortunately, there were no net claims incurred during the year.

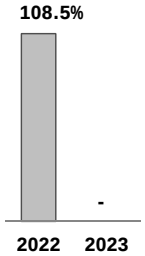
Net Premiums Earned (KPW Million)



Net Claims Incurred (KPW Million)



Loss Ratio (%)

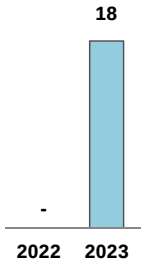


PERFORMANCE REVIEW

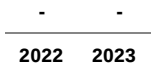
PROFESSIONAL INDEMNITY

The Company posted a newly introduced professional indemnity insurance premium of KPW 23 million. The premium accounted for 0.6% of total premium. Net earned premium was KPW 18 million. There was no loss in 2023.

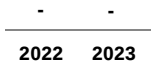
Net Premiums Earned (KPW Million)



Net Claims Incurred (KPW Million)



Loss Ratio (%)



PERFORMANCE REVIEW

REINSURANCE

Reinsurance remains one of the main hedging tools to create the balanced insurance portfolio and to ensure financial stability and profitability of insurance operations and efficiency of the Company.

To ensure that the insured will not be affected by catastrophes with a widespread impact, either in financial terms or in terms of the size of the event, and to mitigate the risk exposure of the Company, the Company transfers peak risks especially for policies with a high sum insured across certain classes of insurance through reinsurance to domestic and foreign re/insurance companies by selecting reinsurers with credit ratings or Capital Adequacy Ratios that are in line with State Insurance Commission requirements.

The Company has reinsurance arrangement in respect of fire, engineering and agricultural risks on treaty and facultative basis, which has been placed by local and foreign reinsurers.

The insurance premiums of KPW 174 million was transferred to reinsurance in 2023, which is 10.8% less than the 2022 indicator. Reinsurance recoveries are made at KPW 46 million.

The Company also provides reinsurance coverage for both facultative risks and treaty programmes, proportional and non-proportional on non-life insurance risks such as property and casualty. The Company does not pursue any volume targets for inward reinsurance but concentrates exclusively on the profitability of the underwritten business.

The Company will expand further its reinsurance business in close contact with the market players such as brokers, insurers and reinsurers to strengthen its footprint in the international market.

OPERATING RESULTS

PREMIUMS PRODUCTION

For the first time in the history of the Company, the amount of gross written premium exceeded the mark of KPW 4 billion. According to the 2023 results, the Company has increased gross written premium up to KPW 221 million which is 5.6% more than the 2022 indicator. Meanwhile, the amount of 2023 net earned premium made at KPW 4.03 billion having increased by 17.5% year-on-year.

The main premium in the Company portfolio was collected from fire insurance: KPW 1.79 billion, agricultural insurance: KPW 1.36 billion and engineering insurance: KPW 905 million.

Meanwhile, it is worth to note that for the last year the company has been in a planned manner increasing the percentage of travel and credit classes of insurance in its portfolio, resulting in an increase by 5.5 and 8.7 times respectively year-on-year.

CLAIMS AND BENEFITS

The amount of 2023 claims and benefits totaled to KPW 1.14 billion which is 48.3% less than the 2022 indicator. The portfolio structure indicates as follows: fire insurance: KPW 468 million, engineering insurance: KPW 408 million, agricultural insurance: KPW 258 million and travel insurance: KPW 7 million. The Company made several large claims payment in fire insurance that did not exceed KPW 30 million per policy.

FINANCIAL RESULTS

The Company's total assets and equity on 31st December 2023 amounted to KPW 12.35 billion and KPW 10.89 billion respectively. The Company has achieved a net profit after-state payment of KPW 1.84 billon which is 146% more than the indicator of the previous year.

PROFITABILITY

The company booked a profit before payment to state of KPW 2.46 billion and a net profit of KPW 1.8 billion in 2023. Return on equity and return on assets stood at 16.9% and 14.9% respectively.

ASSET PERFORMANCE

As of year-end 2023, total assets reached KPW 12.35 billion, up 15.1% year-on-year. With a share of 95.8% representing the largest item in total assets, total cash and cash equivalents increased by 15% year-on-year to KPW 11.84 billion, giving confidence with respect to payment of possible losses to policyholders with this large volume.

REGIONAL DEVELOPMENT

Small amounts of premiums were charged in the regional branches of Rason, Kaesong and Kanggye. The largest sums of claims and benefits were paid in the branches of Hamhung, Sinuiju and Haeju.

CLIENTS

During the year 2023, the Company has served more than 522,000 clients, representing an increase by three times year-on-year.

PRODUCT LINE

Professional indemnity insurance has been elaborated, which shows a smallest share of the total portfolio.

BUSINESS PROCESSES

The efficient business process forms the core of our business activities.

Insurance contract and claims payment are the key stages in interaction of the company with its clients The Company pays close attention to improvement of the process of insurance contract and claims payment trying to make it as much quick, clear and easy as possible.

The company have created, regularly updated and renewed the detailed regulations and instructions regulating all the processes of its activities such as the requirements for documentation, quality management, planning, analysis, processes of insurance contracts and claims payment.

INSURANCE CONTRACTS

The Company focuses on the needs of private individuals and small and medium-sized enterprises. Aiming to meet clients' requirements is our priority when developing and selling insurance products.

The Company continuously analyzes performance trying to improve the established processes of serving clients. Our focus during the year remained on meetings with survey firms to discuss ways to develop good client relationship and to review working polices and guidelines for maintaining client service. The Company is currently under plan to implement online consulting services on all insurance products through phone such as sending out personal SMS reminders of approaching expiration date of insurance contract and organization of various advertisement events.

CLAIMS AND BENEFITS

The main goal of the Company' claims payment policy is to meet all the company's obligations to its policyholders within the established deadlines. Claims service efficiency also counts as one of our most important success factors. The Company guarantees our clients rapid claims processing and payment as well as the highest level of reliability. Fast, fair and customer-oriented claims settlement is the foundation on which the Company builds long-standing and trusting client relationships.

The processes related to claims handling by regional branches are continuously improved which ultimately accelerates the speed and efficiency of claims payment. Therefore, the Company improves procedures which allow to actually reduce the review time and adoption of the resolution on claims payment.

NEW BUSINESS DEVELOPMENT

Our clients continuously need to develop new products and services in order to meet the expectations. As a powerful and reliable partner to our clients, the company uses its extensive experience and knowhow to develop new products and to increase subjects insured and their policyholders in all lines of business.

The Company is under plan to cover household contents insurance, which will be popular among our clients.

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REGIONAL NETWORK

Our marketing effort is through a wide branch structure organized on a regional basis for effective coverage of the entire country.

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Regional branches

BRANCHES

As of 31st December, 2023, the Company branch network included 15 branches and 120 branch staff. Insurance claims payment service operates for convenience of clients in the cities of Pyongyang, Pyongsong, Sinuiju, Haeju, Sariwon, Kanggye, Wonsan, Hamhung, Chongjin, Hyesan, Nampho Rason, Kaesong, Tanchon and Kaechon.

In 2023, the total premium incomes of insurance contracts signed with the regional branches made at KPW 2.39 billion, representing 58%. In the structure of premiums by classes, the most portion belongs to fire insurance with 43% and amount of KPW 1.03 billion.

Haeju branch heads among the branches in terms of the total premium portfolio. Pyongsong, Phyongsong and Haeju branches demonstrate stably high results.

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Agents across the country

AGENTS

Activity of the Company in regions is directed on development through agents such as regional offices, tourist operators and agencies, banks and etc., which are considered as one of the most permanent and stable channels of insurance products realization.

As part of the business is sourced through agents and a broker, the Company, in accordance with the strategy of development, has contracted with over 200 new agents who are on their obligation in county centers of the country during the year.

The Company keeps close relationships with its agencies all over the country by granting additional commissions for some of its products and services in 2023.

CORPORATE MANAGEMENT REVIEW

The Company corporate management is built on the basis of fairness, integrity, responsibility, openness, accountability, transparency, professionalism and competency.

Efficient structure of corporate management implies respect for the rights and interests of all persons concerned in the business of the Company, facilitates successful operation of the company, including the growth and support of financial stability and profitability.

MARKETING POLICY

Each client of the Company is not only under reliable insurance policy, but also a man who is familiar with and aware of the values of the Company in work.

The Company adheres to main marketing policy principles: deep and comprehensive study of the current insurance market situation demand and requirements of clients, flexible response to policyholders' requests for implementation of innovations.

STYLE

The main values of the Company will remain reasons for clients to select the Company. The success of marketing communications of the Company consists in full compliance of the communicative platform and actions which are committed by the company in respect of clients.

SERVICE QUALITY

The extensive network of branches and agencies, promptly processed documents and decisions on payment of benefits for insurance incidents demonstrates the level of clients' satisfaction with the Company.

LOYALTY

The Company demonstrates loyalty to its clients through flexible insurance terms and additional service. In turn, the clients highly appreciate our efforts, which prove that 100% of the existing clients have renewed the Company's insurance policies.

The dynamic development of the Company demonstrates correctness of the selected communication which is confirmed by high quality service both before purchase of insurance policy and at the moment of insurance event and payment of insurance benefits.

UNDERWRITING

For underwriting operation, the Company undertakes the detailed and careful evaluation, surveying, and analysis of risk in order to meet its obligations to the insured promptly and fairly and to mitigate risks that may affect the amounts of claims and the expected future cash inflows.

HUMAN RESOURCES

Our employees are our greatest and most valuable asset .

POLICY

Utmost importance is given to our employees as they are our greatest and most valuable asset and their performance and skills are key to the Company's quality and success as well as the key to offering our clients the best services and products for their future business development. For this reason, the primary goal of our human resources policy and practice is to identify our company's needs for personnel in line with its objectives and strategies and assist the creation of human resources that are open to change and are focused on the nearest success by recruiting high-quality people, motivating them, evaluating their performance, and encouraging interaction and communication among individuals and groups.

OUR STAFF

At the end of 2023, the Company had a total of 182 personnel including directors, managers, assistant managers, specialists and support services personnel.

TALENT MANAGEMENT

The Company focuses on providing the best employee experience to young talent. The company gives new talent development opportunities and actively helps them fulfill their potential. This approach is designed to attract the best talent to the Company.

LEARNING DEVELOPMENT

Risk knowledge is the most important resource. Securing and using it efficiently requires a living culture of dialogue. The Company has therefore established knowledge networks in which the staff exchanges information about business topics across departments and regional branches.

To respond to the development needs of new generation talent, the Company also implements learning development methods such as live training sessions, e-learning, seminars, and experience sharing meetings in which the staff has access to sufficient information and expertise to improve themselves, receive and give feedback and learn from each other. Learning development methods include. The Company will adopt learning solutions that comply with the needs of today and the future.

OPEN DIALOGUE WITH THE PUBLIC

The Company strives to build effective communications with its clients and to strengthen its relations with the mass media.

CLIENT SATISFACTION

As an insurer, the Company aspires to be the preferred partner for our clients. To maintain a close relationship of trust with our clients is a key element towards the success of the Company's business. Therefore, the Company continuously strives to understand our clients' needs and develop the best possible solutions for them, in a joint dialogue. The Company manages the dialogue with its clients, and the solutions of service the Company correspondingly offer, on the basis of our clients' needs and growth ambitions.

The Company undertakes a client satisfaction survey among all of our insurance business partners. In order to better respond to our clients' suggestions for improvement, the Company offers a comprehensive training programme to all staff who have direct contact with clients. This aims for them to develop an understanding of our clients' strategies and needs so that the Company can develop solutions together.

The Company will strive to continuously improve our service and performance to ensure the Company is a valuable partner for our clients.

MARKETING

The Company directed its major efforts in public relations area to the strengthening of its positive image and effective cooperation of the Company with mass media. The company continued its partnership relations with the mass media: newspapers, magazines and TV. Eventually, articles, comments and expert interviews were published for one year alone in the central and regional mass media.

The Company will focus on reaching out to target clients by means of online media, such as corporate website other than traditional media.

In order to more efficiently solve some marketing problems, the Company, will also take part in marketing activities to held in exhibitions and festivals events for each year to ensure that our services are extended to as many potential customers as possible.

REPORT OF INDEPENDENT AUDITORS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Polestar Insurance Company ("the Company"). These financial statements comprise the Balance Sheet as at 31st December 2023 and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year ended as set out below.

THE COMPANY'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company is responsible for the preparation and fair presentation of these financial statements that give a true and fair view in accordance with the requirements of the Financial Law, Accounting Law and Auditing Law of DPR Korea.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an independent opinion on these financial statements based on our audit.
We conducted our audit in accordance with the Law of DPK Korea on Auditing.
Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

AUDITOR'S OPINION

In our opinion, the accompanying financial statements give a true and fair view of the balance sheet of the Company as at 31st December 2023, and of the Company's Income, Changes in Equity and Cash Flow for the year then ended in accordance with the Law of DPK Korea on Auditing.

Han Myong Il, Director, Pyongyang Office of Auditors of DPRK

O Un Hyang, Manager, Pyongyang Office of Auditors of DPRK

Pyongyang, 12th April, 2024

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

ASSET	2021	2022	2023
Cash and cash equivalents	9,434,495,890	10,292,954,376	11,835,080,000
Reinsurer's share of insurance contract liabilities	70,896,619	68,007,960	66,813,981
Account receivables	15,909,141	89,897,979	84,998,862
Deferred acquisition cost	31,418,133	40,260,275	128,168,639
Prepayment	511,205	933,064	993,570
Property, plant and equipment	180,871,160	212,160,573	213,178,978
Intangible assets	13,719,713	25,746,477	24,706,827
TOTAL ASSETS	**9,747,821,861**	**10,729,960,703**	**12,353,940,857**
LIABILITIES			
Insurance contract liabilities	1,131,871,083	1,526,309,158	1,450,838,125
Provision for unearned premiums	1,047,271,083	1,342,009,158	1,286,938,125
Provisions for outstanding claims	84,600,000	184,300,000	163,900,000
Other liabilities	32,231,428	5,529,000	11,473,000
TOTAL LIABILITIES	**1,164,102,511**	**1,531,838,158**	**1,462,311,125**
EQUITY			
Paid-up capital	3,000,000,000	3,000,000,000	3,000,000,000
Organization fund	2,000,000,000	2,000,000,000	2,000,000,000
Contingency reserve	2,000,000,000	2,960,000,000	3,088,150,000
Retained earnings	1,583,719,350	1,238,122,545	2,803,479,732
TOTAL EQUITY	**8,583,719,350**	**9,198,122,545**	**10,891,629,732**
TOTAL LIABILITIES AND EQUITY	**9,747,821,861**	**10,729,960,703**	**12,353,940,857**

FINANCIAL STATEMENTS

STATEMENT OF INCOME

	2021	2022	2023
Net earned premium	**3,361,195,683**	**3,426,803,995**	**4,026,410,195**
Gross premium written	3,588,359,459	3,922,923,360	4,143,580,936
Change in unearned premium	(48,961,124)	(294,738,075)	55,071,033
Premiums ceded	(181,811,082)	(195,037,631)	(174,019,795)
Change in reinsurer's share of provision for unearned premiums	3,608,430	(6,343,659)	1,778,021
Net claims incurred	**(2,567,206,651)**	**(2,234,228,930)**	**(1,077,693,715)**
Gross paid loss	(2,636,917,520)	(2,206,576,307)	(1,140,911,515)
Reimbursement of claims for risks ceded to reinsurers	66,023,231	68,592,377	45,789,800
Change in outstanding losses	3,687,638	(96,245,000)	17,428,000
Net acquisition costs	**(142,210,097)**	**(155,047,950)**	**(385,726,550)**
Underwriting Profit	**651,778,936**	**1,037,527,115**	**2,562,989,930**
Other income	**31,076,508**	**46,176,877**	**33,957,179**
General and administrative expenses	**(49,043,022)**	**(83,236,732)**	**(136,413,528)**
Other expenses	**(856,000)**	**(1,263,000)**	**(2,524,000)**
Profit/loss before payment to state	**632,956,422**	**999,204,260**	**2,458,009,581**
Payment to state	**(189,886,927)**	**(249,801,065)**	**(614,502,395)**
PROFIT/LOSS FOR THE PERIOD/YEAR	**443,069,495**	**749,403,195**	**1,843,507,186**

FINANCIAL STATEMENTS

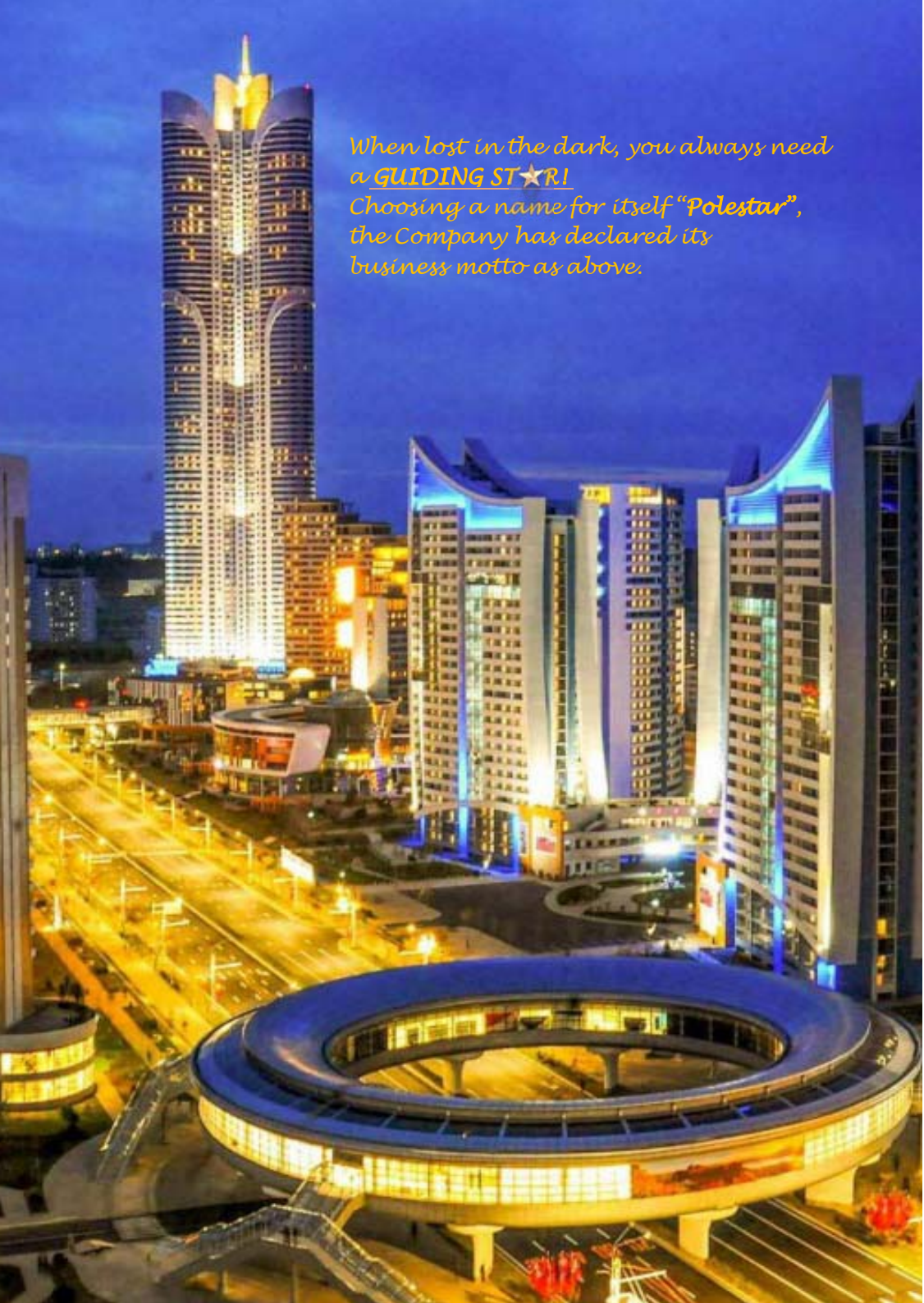
STATEMENT OF CHANGES IN EQUITY

	Paid-up Capital	Organization Fund	Contingency Reserve	Retained Earnings	Total Equity
Balance as 1st January 2020	3,000,000,000	2,000,000,000	2,000,000,000	914,271,619	7,914,271,619
Profit/loss for the period/year	-	-	-	226,378,236	226,378,236
Transfer to contingency reserve	-	-	-	-	-
Dividends relating to prior periods paid during the year	-	-	-	-	-
Balance as of 31st December 2020	3,000,000,000	2,000,000,000	2,000,000,000	1,140,649,855	8,140,649,855
Balance as 1st January 2021	3,000,000,000	2,000,000,000	2,000,000,000	1,140,649,855	8,140,649,855
Profit/loss for the period/year	-	-	-	443,069,495	443,069,495
Transfer to contingency reserve	-	-	-	-	-
Dividends relating to prior periods paid during the year	-	-	-	-	-
Balance as of 31st December 2021	3,000,000,000	2,000,000,000	2,000,000,000	1,583,719,350	8,583,719,350
Balance as 1st January 2022	3,000,000,000	2,000,000,000	2,000,000,000	1,583,719,350	8,583,719,350
Profit/loss for the period/year	-	-	-	749,403,195	749,403,195
Transfer to contingency reserve	-	-	960,000,000	(960,000,000)	-
Dividends relating to prior periods paid during the year	-	-	-	(135,000,000)	(135,000,000)
Balance as of 31st December 2022	**3,000,000,000**	**2,000,000,000**	**2,960,000,000**	**1,238,122,545**	**9,198,122,545**
Balance as 1st January 2023	**3,000,000,000**	**2,000,000,000**	**2,960,000,000**	**1,238,122,545**	**9,198,122,545**
Profit/loss for the period/year				**1,843,507,186**	**1,843,507,186**
Transfer to contingency reserve			**128,150,000**	**(128,150,000)**	
Dividends relating to prior periods paid during the year				**(150,000,000)**	**(150,000,000)**
Balance as of 31st December 2023	**3,000,000,000**	**2,000,000,000**	**3,088,150,000**	**2,803,479,732**	**10,891,629,732**

FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

	2021	2022	2023
Operating activities			
Cash generated from operations	716,863,369	1,296,848,187	2,320,494,569
Payment to state	(189,886,927)	(249,801,065)	(614,502,395)
Net cash flows from operating activities	526,976,442	1,047,047,122	1,705,992,174
Investing activities			-
Purchase of property, plant and equipment	(1,660,690)	(39,911,643)	(11,888,270)
Purchase of intangible assets	(2,089,345)	(13,676,994)	(1,978,280)
Net cash flows from investing activities	**(3,750,035)**	**(53,588,637)**	**(13,866,550)**
Financial activities			**-**
Net borrowing	-	-	-
Dividends paid	-	(135,000,000)	(150,000,000)
Net cash flows from investing activities	**-**	**(135,000,000)**	**(150,000,000)**
Net change in cash and cash equivalents	**523,226,407**	**858,458,485**	**1,542,125,624**
Cash and cash equivalents at beginning of year	**8,911,269,483**	**9,434,495,890**	**10,292,954,376**
Cash and cash equivalents at end of year	**9,434,495,890**	**10,292,954,376**	**11,835,080,000**


When lost in the dark, you always need a GUIDING STAR!
Choosing a name for itself "Polestar", the Company has declared its business motto as above.